



February 26, 2002.....For Additional Information Contact: Neil Bradley

---

## **H.R. 1020, the Railroad Track Modernization Act**

Several offices have contacted the RSC staff regarding H.R. 1020, the Railroad Track Modernization Act. Apparently Members are being asked to support / cosponsor this legislation. The information below is prepared by the RSC staff in response to those inquiries. Please note, the RSC has not taken an official position on this legislation.

**Summary (From Committee Report):** H.R. 1020 is designed to assist smaller railroads in upgrading their tracks and roadbed. This assistance includes the purpose of accommodating newer, heavier freight cars along their lines. The bill authorizes \$350 million to be appropriated from the general fund in each of the fiscal years 2002–2004 for capital grants to benefit class II and class III railroads.

**Cost to Taxpayers:** \$1.05 Billion

**Potential Concerns:** Some Members may be concerned that the bill:

1. **Expands Davis-Bacon Prevailing Wage Requirements:** New subsection 22301(g) extends prevailing wage protections established in the Davis-Bacon Act for laborers and mechanics employed in construction work financed by a grant made under this bill. Republicans have traditionally opposed expansion of Davis-Bacon prevailing wage requirements. Administration officials have in the past indicated to RSC staff and others that the President is opposed to the further expansion of Davis-Bacon. Indeed, the President has actually proposed raising the Davis-Bacon threshold to exempt more taxpayer-funded construction projects.
2. **Recodification of Provisions Guaranteeing Adversely Affected Employees up to 1 Year of Wage and Benefits:** Current law provides employees adversely affected by certain actions benefits that can include a guarantee of up to one year of pay and benefits post-separation if they are employed by a Class II railroad. If they are employed by a Class I railroad they are guaranteed up to 6 years of pay and benefits. This provision has been criticized by many as inhibiting reform in the railroad industry and in particular within Amtrak. H.R. 1020 extends this provision to the new grant program.
3. **Passes Significant Costs on to the Taxpayer:** The bill will cost taxpayers in excess of \$1 billion.

4. **Supplants Government Action for Problems that are More Appropriately Solved by Private Industry and State and Local Governments:** One of the stated reasons for adopting the bill is that larger railroad carriers are moving to heavier rail cars (286,000 pounds) that cannot be supported on short-line track beds. In order to keep this cargo off the highway, the federal government, it is argued, needs to assist (by paying up to 80% of the cost) private railroads in updating their trackbed. Large railroads (who must rely on short-line railroads to pick-up cargo and / or move cargo to its final destination) clearly have an interest in ensuring that short-line railroads can adequately handle the heavier rail cars. In addition, state and local government also have an interest in ensuring that short-line rail remains a viable transportation option for both the promotion of industry and the protection of local road infrastructure. Indeed, some private railroads and state and local governments have already successfully initiated programs to improve short-line trackbeds. Some Members may be concerned that all taxpayers will be required to support a new federal program to address a problem that some private businesses and local governments are already addressing.